



**BUDGET REVIEW COMMISSION
APPROVED MINUTES**

THURSDAY, APRIL 8, 2010

**CITY HALL KIVA FORUM
3939 N. DRINKWATER BLVD.
SCOTTSDALE, AZ 85251**

PRESENT:

Louis Schmitt, Chair
Scott Miller, Vice Chair
Eric Borowsky, Commissioner
Martha Ecton, Commissioner
Michael Foster, Commissioner
Donna Reagan, Commissioner

ABSENT:

Bob Berlese, Commissioner

STAFF:

David Richert, Acting City Manager
Alan Rodbell, Police Chief
Willie McDonald, Fire Chief
Bruce Washburn, City Attorney
B. Monte Morgan, Presiding Judge
Janet Cornell, Court Administrator
Bill Murphy, Community Services Executive Director
Dan Worth, Public Works Executive Director
Marshall Brown, Water Resources Executive Director
Kroy Ekblaw, Strategic Projects/Preserve Director
Brent Stockwell, Senior Advisor
Judy McIlroy, Budget Manager

CALL TO ORDER / ROLL CALL

Chairman Schmitt called the meeting of the Budget Review Commission to order at 5:06 p.m.

1. Public Comment

Chairman Schmitt read a written statement submitted by Human Services Commissioner Katherine Weaver recommending that a nominal fee be charged for the after school program as a method of defraying costs. She noted that 71 percent of participants have expressed a willingness to share costs for a reasonable level of service.

Ms. Jeanne Alspaugh, Chair of the Parks and Recreation Commission, expressed a concern about the memorandum presented to the Parks and Recreation Commission about the after school program. Registration numbers for the program have risen and children are on waitlists. Community Services has made considerable adjustments to balance the budget and it is important to maintain programs that support children as well as struggling families. The program should continue to be free of charge for Scottsdale residents.

Mr. Barry Shannahan, a member of the Board of Directors of the Scottsdale Aquatics Club, spoke in support of maintaining the relationship with Scottsdale. The Aquatics Club has recently joined the Aquatics Task Force in working to optimize revenues and facility operating costs. Continued operation is important to tourism because regional and national swim meets draw visitors to the Valley.

Mr. Stan Koczka stressed the importance of maintaining the high-quality recreational programs that the City currently offers.

2. Staff presentation and discussion of the City's Proposed Fiscal Year 2010/11 Operating Budget by division.

Ms. McIlroy noted a correction to the proposed budget second page of the General Fund Five-Year Plan on the Future Initiatives line for Fiscal Year 2014/15. Where it indicates \$259 million, it should say \$25.9 million. The correction has been changed online and noted on the web site.

Ms. McIlroy noted that inadvertently, a full time FTE position was transferred from Community Services to Water Resources, reflecting a decrease of a full-time position to Community Services and an addition to Water Resources. The error will be updated in the May 18 tentative budget.

Ms. McIlroy noted that beginning in Fiscal Year 2010/11 the Governmental Accounting Standards Board is requiring that all projects that reside in a capital projects fund produce capital assets. All projects not producing capital assets must be accounted for and reported in the operating fund. Staff classified all projects within the City and projects that belong in the operating budget have been moved into the operating budget for their respective division and are highlighted by type within each division's financial section. Corresponding transfers of \$3.8 million will be made in Fiscal Year 2010/11 from the capital budget to the operating budget. Future projects will be classified as they are initiated.

Ms. McIlroy also noted that staff found in their office the Town of Scottsdale's Fiscal Year 1954/55 adopted budget, which was just over \$33,000.

Chairman Schmitt thanked Mr. Richert and Mr. Smith for the consistency and timeliness of the last six financial statements.

a. Public Safety – Police

Police Chief Alan Rodbell said there has been a drop in crime during the last year with an average of 28.7 crimes per thousand residents, which is less than the average 35

crimes per thousand residents. He noted that in the 1970's Scottsdale had an average of 70 crimes per thousand residents.

In the past year the new district station and a property evidence building were completed.

At this time the number of police officers authorized is equal to the actual work; however, there are approximately 15 officers in various phases of training. Having the right number of authorized officers resulted in a \$1.2 million savings in overtime costs last year. He noted that overtime savings would have been higher if not for the NBA All Star Game, which was not in the budget. 2010/11 projected overtime savings is \$1.3 million. Response times are down to an average of approximately five minutes.

Chief Rodbell highlighted important points in the budget:

- 1) Jail costs are rising because arrests have gone up and the length of jail stays has risen because of mandatory sentencing. It is anticipated that the contract will increase by approximately \$417,000. The Police Department supports the Court's initiative for electronic monitoring and anticipates the system will create future savings.
- 2) For several years there has been no budget for training beyond that required to maintain certifications, which is dangerous because of continuous changes in the industry. An additional \$45,000 has been initiated in the upcoming budget for additional training.
- 3) In the past the police department has shared the cost of the School Resource Program with the Scottsdale Unified School District. Because of changes in the economy, SUSD has requested that the split be changed from 80/20 to 50/50. The program is currently fully funded in the budget and is reimbursed by the school district. He supported the proposal, which would result in an additional \$187,000 cost to the City.

Commissioners had no questions for Chief Rodbell.

b. Public Safety – Fire

Fire Chief Willie McDonald reviewed the four branches of the Fire Department, highlighting each department's function. He noted that the total proposed operating budget of \$27,893,830 includes three new full-time positions. Ninety volunteers provide a variety of support services resulting in savings for the department.

During the past year the Fire Department has maintained an average 4 minute 23 second response time and has saved property worth approximately \$67 million. Through a partnership with University of Arizona and the Phoenix Suns and using the newly developed CPR method, the Department has maintained a double-digit cardiac resuscitation rate. The new hands-only technique has resulted in an increase of bystander CPR.

The Fire Department worked together with the State and the Ancala West community to install proactive signs, which enabled them to be designated as the first "Fire Wise" community in Maricopa County and helps to protect the community from wildfires.

An engine company building safety inspection program has been implemented that will allow firefighters to become familiar with buildings in their district and will reduce hazards. Efforts to collaborate with the Police Department have resulted in development of a joint strategic plan. The emergency ambulance transport contract has been extended for an additional two years.

Chief McDonald mentioned that the Downtown fire station received LEED Platinum certification.

An area of primary importance in the 2010/11 proposed budget is the addition of funding for training to help maintain skill levels.

Construction on the relocated southern Scottsdale fire station at Eldorado Park is scheduled to begin on April 19 and is expected to be completed within a year. Construction is also beginning on Fire Station #8 on 96th Street and Cactus, which is an area that is in need of reduced response times.

Next week City Council will be presented with a proposal for a Safer Grant which is a federal grant that would provide funding to hire nine new firefighters. If awarded, funding for all salary and benefits would be provided for two years with an agreement to maintain the employees for three years. The majority of the added firefighters would be placed with engine companies in the northern part of the community where they are currently operating with three to an engine, bringing those engines up to the same level as in the rest of the city.

One of the new FTE's will be filling the position of terrorist liaison officer. That person's function will be to help coordinate activities between the police and fire departments at emergency scenes and events where multiple agencies are involved, to provide secured information to the department that will help the department be more prepared, and to help gain access to grant funding. The two additional positions have been transferred from the IT department.

In response to a question by Vice-Chairman Miller, Chief McDonald reviewed the current status of the two fire stations utilizing temporary facilities in the northern areas. Efforts are currently underway with the State Land Department to purchase a parcel south of Jomax on Hayden for future relocation of the Desert Hills Fire Station. A parcel was purchased on Cave Creek Road for future relocation of the Desert Mountain Fire Station. Funding is available for purchase of the land this year, but not for construction of the facilities.

Discussion ensued regarding the details and responsibilities associated with the Safer Grant. Chief McDonald reiterated that the City would be obligated to accept responsibility for the nine new firefighters in the third year. The costs would likely not be recoverable through attrition because few firefighters are in line for retirement over the next few years.

c. City Attorney

City Attorney Bruce Washburn noted that the City Attorney's budget has been reduced by \$260,100 from last year primarily due to reduced salary expenses. The half-time victim notification specialist position and the deputy City Attorney position are not being

filled. The office manager for the prosecution side of the department was not replaced with that position became vacant.

Mr. Washburn reviewed the duties and responsibilities of each department highlighting their efforts to implement the City's commitment to open and participatory government.

In response to a question by Commissioner Ecton, Mr. Washburn explained that the \$168,000 from revenue recovery goes to the General Fund. The \$63,981 in judgments have yet to be collected.

Chairman Schmitt asked whether the reduction in crime reported by Chief Rodbell had reduced the workload on the litigation side. Mr. Washburn explained that most of the crime-rate reduction has been in crimes that are not prosecuted by his department. They primarily deal with DUIs and domestic violence cases. Because of new, stiffer DUI penalties the workload has increased.

In response to a question by Commissioner Reagan, Mr. Washburn explained that the two eliminated positions are still authorized, but are not budgeted.

d. City Court

Court Administrator Janet Cornell highlighted the priorities for fiscal year 2010/11, which included improving the performance metrics for the court using "Court Tools" and assessing service based performance levels.

Proposed budget changes include keeping two positions vacant for fiscal years 2010/11 and 2011/12, resulting in a \$224,000 savings for each year. The positions will remain authorized but will not be funded. It is anticipated that the electronic detention program will result in additional revenue of \$500,000 or more, which will offset costs of jail services. Court orders are being enforced and the entire portfolio has been submitted to the Supreme Court collections program.

Ms. Cornell discussed operational reductions and increased fees that have resulted in additional funds in the General Fund. Consulting fees for space planning and for the new case management system are classified as non-capital projects and have been transferred into the operating budget for a net increase of \$369,200.

Case volumes in court spiked in 2006/07. They are lower now but the trend is going up with increases in criminal filings, civil traffic filings, jail court, onsite customers, and phone calls. Because of the economy, people are failing to comply and are requiring additional assistance. Auto dialer software is soon to be implemented for outbound calls for the Court and will also be used in other areas of the city.

In response to a question by Vice-Chairman Miller, Ms. Cornell said that jury trials are the most costly court process because of summons costs, jury fees, prosecutors, judge, and staffing costs. Jury trials have increased because of the stiffer penalties for DUI convictions. The prevailing desire of the legislature is to demonstrate that the state is tough on crime and tough on driving while impaired. Commissioner Foster inquired how many DUI trials result in convictions. The Court does not keep statistics, but she estimated that 90 to 98 percent of DUI that go to trial result in convictions.

Commissioner Reagan asked what burdens are placed on the courts by photo radar. Ms. Cornell noted that the court deals strictly with photo radar on streets and no longer deals with freeway radar.

In response to a question by Commissioner Borowsky, Ms. Cornell explained that parties are not charged for jury trial because of the right to due process. Implementing two separate fine levels would not be appropriate equal justice.

e. Community Services

Community Services Executive Director Bill Murphy highlighted the Preserve on the organizational chart. Over the past year, Community Services has been working closely with the McDowell Sonoran Conservancy to maintain the Preserve and its multiuse trails and trailheads. The Preserve has had over 74,000 visitors since January.

Community Services has four primary areas: Human Services, Parks and Recreation, Preserve Management, and the Library System.

During the past year an additional 400 acres was purchased from the State Land Department for the Preserve. The City partnered with the McDowell Sonoran Conservancy to develop the Bajada Interpretive ADA accessible trail at the Gateway and is continuing design efforts for the Tom's Thumb north access area.

Mr. Murphy reviewed the programs provided by Human Services, which provides rental assistance for low-income families, clothing and school supplies for students, and food boxes. There has been a 33 percent increase in people visiting the career center.

Parks and Recreation opened the first phase of Grayhawk Park in October. There has been an increase in youth and adult sports registration, the learn to swim program and use of the various fitness centers.

Directors have begun working together to develop and identify operational practices and structures to reshape the department and develop greater efficiencies. The business model continues to be evaluated and staff is being cross-trained to provide coverage where necessary. Budget reductions have been achieved through reductions in part-time hours and delayed vacancies, resulting in a savings of \$300,000. The Appaloosa Library was opened successfully with no new staffing. Mr. Murphy discussed programs that have been successful through partnerships and the support of volunteers.

The fiscal year 2010/11 budget was prioritized by finding alternate methods to sustain the department's current efficiency. This summer the Parks and Recreation department will become reaccredited and will continue to look at relationships with non-profit organizations.

The department plans to purchase new sorting machines for the Arabian and Mustang Libraries and has embarked on capital projects, including the McCormick-Stillman Railroad exhibit, an ADA renovation to Eldorado restrooms obtained through a CDBG grant, and the Troon North phase one Bond 2000 project.

Mr. Murphy reviewed projects and activities currently being implemented and those planned to be implemented during the upcoming year.

There has been a 10 percent decrease in staff since 2008/09. The General Fund produces approximately 74 percent of the Community Services Budget, 21 percent comes from Federal grants, and the remaining 4.7 percent comes from special revenues. The proposed budget is 15 percent less than the previous two years.

He pointed out that \$274,600 for playgrounds and recreation amenities and \$370,600 for Aquatics have been moved to the operating budget and will be competing in the future.

In response to a comment by Chairman Schmitt, Mr. Murphy said that the library works closely with Information Systems to stay on the cutting edge of technology in order to meet customer needs. Mr. Murphy confirmed Commissioner Ecton's comment that the banding capabilities for the Civic Center need to be improved; that has been included in the bond proposal.

Vice-Chairman Miller recalled a Grayhawk resident asking about an off-leash dog park during the last meeting. Mr. Murphy explained that he has been in contact with the Grayhawk HOA and they have an understanding that an off-leash area would be considered after the completion of phase one. Since no funding is available, the project has been proposed as part of the bond package.

f. Public Works

Public Works Executive Director Dan Worth noted that the fleet management fund represents an increase of \$1.6 million. Costs charged to the various departments cover only one-third of actual costs and the remainder are covered by the fleet reserve. About half of the increase in cost is due to an increased cost of fuel. The budget was affected because only a 10 percent reduction in fuel consumption was achieved with a goal of 15 percent. The goal for next year is for continued improvement in fuel usage consumption.

The budget includes \$1.1 million for vehicle acquisition, which will be for replacements of current inventory that has reached the end of its useful life. Mr. Worth explained that last year the decision was made to reduce acquisition costs by extending the life of vehicles and the entire budgeted amount was not needed. A total reduction of approximately \$900,000 has been achieved.

Facilities management had a total change decrease of \$700,000, achieved primarily through savings in utilities costs. The budget was higher this year because an SRP rate increase was anticipated but did not happen. The SRP rate increase will happen during the 2010/11 year. Mr. Worth noted that the thermostat policy implemented last summer resulted in substantial savings. Funds from the energy conservation block grant provided as part of the federal stimulus package is being used to have a consultant and audit team conduct a building energy audit to determine where further cost reductions can be achieved.

Savings achieved through the xeriscape landscaping being done by Community Services shows in the Public Works budget. The Water Department is working with Public Works to implement a tiered conservation based rate system.

Mr. Worth reviewed the budget for street operations, which shows a \$3.5 million decrease. He explained that \$2 million of the \$4.6 million acquired from the ARRA

stimulus grant will be carried over to next fiscal year. He explained the paving maintenance and overlay program and how the funds were used to extend the life of streets with asphalt overlay, thus reducing spending in future years. He highlighted the goals of the paving program to ensure smooth streets today and to ensure streets stay smooth for ten years or more.

Federal stimulus money is also being used to swap light fixtures for LED light fixtures, which enables public works to negotiate with the electric company for a rate reduction.

The solid waste program has shown an overall decrease of \$630,000. Recycling revenues are largely market-driven and are currently up to approximately \$25 a ton. Costs for landfill rate per ton and tipping fees are tied to cost indices which went down this year, resulting in a reduction in tipping rates. Two vehicles have been removed from the fleet, resulting in a reduction in maintenance and operations.

All these savings mean that rates will not increase for either residential or commercial customers.

In response to a question by Commissioner Ecton, Mr. Worth explained that costs for uses such as facility leases appear under their individual facility budgets.

g. Water Resources

Water Resources Executive Director Marshall Brown noted that a shift is being made from growth to optimization. He highlighted efforts made to offset operating costs, resulting in a savings of approximately \$700,000 a year. Energy Block grant funds were used to replace some blowers which will save in electrical expenditures. Gaseous chlorine facilities are being changed to chlorine generation facilities, which are a safer technology and will reduce future maintenance and operating costs.

Mr. Brown reviewed the significant changes in the organizational chart for water resources. The department is now divided into four divisions. The two main areas of responsibility are to provide water and reclamation services. One of the reasons the department is growing rapidly is due to the addition of \$120 million of facilities in response to the arsenic regulation. These facilities were initially unstaffed, but are now in need of maintenance so additional staffing is needed.

He reviewed the two main areas of responsibility, noting the majority of funding comes from water and wastewater rates. Other significant sources of income include a number of contractual obligations with outside entities.

The overall budget is being increased from \$63 million to \$65 million due to an increase in electrical costs and chemical costs as well as market inflation in the commodity area.

An additional nine employees are being proposed, six to seven of which will be partially reimbursed through the RWDS fund. Two of the proposed positions are for fats, oils and grease inspectors, which will help avoid future infrastructure costs due to replacement of infrastructure associated with hydrogen sulfide gas deterioration and sewer odors.

A increase of four percent is being proposed to cover costs associated with granular activated carbon. Much of the drive for system optimization is being triggered by the next regulatory issue coming forward, disinfection byproducts.

3. Discussion and possible action on draft agenda for April 15, 2010 meeting.

Mr. Stockwell noted that another series of presentations is planned for April 15.

Chairman Schmitt asked that staff send a response to citizens who submitted email comments.

In response to a question by Commissioner Borowosky, Mr. Murphy confirmed that there has not been any consideration given to pool closures at this time. There has been discussion with club sports teams about possibly paying a fee for utilization of the pools.

Commissioner Borowsky expressed concern about the cost of State Land acquisitions for the Preserve. A discussion ensued regarding the motivation for purchasing land now while the market is low and the limitations for use of the funds available through the designated sales tax. The Commission requested that staff provide a presentation further detailing Preserve acquisitions and the possibility of reallocating sales tax revenues.

ADJOURNMENT

With no further business to discuss, the Budget Review Commission adjourned at 7:48 p.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz.

Reviewed by:
Brent Stockwell, Senior Advisor

Officially approved by the Budget Review Commission on April 15, 2010.